

U.S. SMALL BUSINESS ADMINISTRATION APPLICATION FOR LOWDOC LOAN

OMB Approval No. 3245-0016

A. APPLICANT Please Print Legibly or Type (**ALL BLANKS MUST BE COMPLETED**), Use "N/A," if Blank is Not Applicable)

Expiration Date: 4-30-2008

Business Name _____ Trade Name (if different) _____ Type: Proprietorship <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> LLC <input type="checkbox"/> Other <input type="checkbox"/> Specify _____ Address (Physical Location) _____ City _____ State _____ County _____ Zip _____ Mailing Address (if different from above) _____ City _____ State _____ County _____ Zip _____ Phone _____ IRS Tax ID # _____ Business Bank _____ Checking Balance \$ _____	Nature of Business _____ Date Business Established _____ Date Applicant Ownership Established _____ No. of employees _____ No. of affiliate(s) employees _____ Total number of employees after Loan _____ Exporter? Yes <input type="checkbox"/> No <input type="checkbox"/> If "yes," estimated total export sales this loan will support \$ _____ Pre-Qual? Yes <input type="checkbox"/> No <input type="checkbox"/> Franchise? Yes <input type="checkbox"/> No <input type="checkbox"/> Name _____
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B. LOAN REQUEST

Amount \$ _____ Maturity: _____ Purpose: _____
 Have you received training or counseling from SBA (e.g., SCORE, SBDC, WBC, etc.)? Yes ☐ No ☐
 Have you employed anyone to prepare this application? Yes ☐ No ☐ If Yes, how much was paid? \$ _____ How much do you owe? \$ _____
 Name of Packager _____ Packager's Address _____

C. INDEBTEDNESS: Furnish information on ALL BUSINESS debts, contracts, notes and mortgages payable. Indicate by an (*) items to be paid with loan proceeds.

To Whom Payable	Purpose	Orig. Date	Cur. Balance	Int. Rate	Maturity Date	Pmt. Amt.	Pmt Frequency	Collateral	Status

D. PRINCIPALS & GUARANTORS: Submit individual Section "D" for each (including anyone who was a principal within the last six months).

D1	Full Name _____	Phone _____	Social Security Number _____	Title _____	Percentage Owned _____ %
	Address _____		City _____	State _____	Zip _____
	Date of Birth _____		Place of Birth (City, ST or Foreign Country) _____	U.S. Citizen? Yes <input type="checkbox"/> No <input type="checkbox"/> If No, provide verified INS G-845 _____	
D2*	Race: American Indian / Alaska Native <input type="checkbox"/> Black / African-American <input type="checkbox"/> Asian <input type="checkbox"/> Native Hawaiian/Pacific Islander <input type="checkbox"/> White <input type="checkbox"/> Ethnicity: Hispanic/Latino <input type="checkbox"/> Not Hispanic/Latino <input type="checkbox"/> Gender: Female <input type="checkbox"/> Male <input type="checkbox"/> Veteran : Non-Veteran <input type="checkbox"/> Veteran <input type="checkbox"/> Service Disabled Veteran <input type="checkbox"/>				

*This data is collected for statistical purposes only. It has no bearing on the credit decision. Disclosure is voluntary. One or more boxes for race may be selected.

D3 PERSONAL FINANCIAL STATEMENT: Complete for all guarantors and principals.

Liquid Assets \$ _____ Ownership in Business \$ _____ Real Estate \$ _____ Assets Other \$ _____ Total Assets \$ _____
 Liabilities Real Estate \$ _____ Liabilities Other \$ _____ Total Liabilities \$ _____ Net Worth (less value of business) \$ _____
 Annual Business Salary \$ _____ Other Repayment Income \$ _____ Source _____ Residence: Own ☐ Rent ☐ Other ☐ Mthly Housing \$ _____

D4 CURRENT and PREVIOUS SBA (including commitments) and OTHER GOVERNMENT FINANCING: For all owners, principals and affiliates, report if they have ever: 1) requested Government Financing and the status of the loan or 2) had a prior loan which resulted in a loss to the government (if loss exists, state dollar amount).

Borrower Name	Name of Agency	Loan No.	Date	Original Amt	Outstanding Bal.	Status	Amt. of Loss to Gov't if any.

D5 ELIGIBILITY AND DISCLOSURES (THESE QUESTIONS MUST BE COMPLETED. Mark "Yes" box or "No" box as appropriate.):

- I. Are you or your business involved in any pending lawsuits? Yes ☐ No ☐ If Yes, provide the details as Exhibit A.
- II. Do you or your spouse or any member of your household, or anyone who owns, manages, or directs your business or their spouses or members of their households work for the Small Business Administration, Small Business Advisory Council, SCORE or ACE, any Federal Agency, or the participating lender? Yes ☐ No ☐ If Yes, please provide the name and address of the person and the office where employed. Label this Exhibit B.
- III. Affiliates: Do you or the applicant business have any interest in any other business as owner, principal, partner or manager? Yes ☐ No ☐ If Yes, provide details to Lender.
- IV. Are you: (a) presently under indictment, on parole or probation, Yes ☐ No ☐ or (b) have ever been charged with or arrested for any criminal offense other than a minor motor vehicle violation (including offenses which have been dismissed, discharged, or nolle prosequi) Yes ☐ No ☐ or (c) convicted, placed on pretrial diversion, or placed on any form of probation including adjudication withheld pending probation for any criminal offense other than a minor motor vehicle violation? Yes ☐ No ☐ If yes, provide date, place of occurrence, whether a misdemeanor or felony and final disposition.

Cleared for Processing: Date _____ By _____ Fingerprints Waived: Date _____ By _____

For SBA Use Only

V. I have received and read "STATEMENTS REQUIRED BY LAW AND EXECUTIVE ORDER," including Privacy Act rights information (attached).

If you knowingly make a false statement or overvalue a security to obtain a guaranteed loan from SBA you can be fined up to \$10,000 and/or imprisoned for not more than five years under 18 U.S.C.1001; if submitted to a Federally insured institution, under 18 USC 1014 by Imprisonment of not more than twenty years and/or a fine of not more than \$1,000,000. I authorize the SBA's Office of Inspector General to request criminal record information about me from criminal justice agencies for the purpose of determining my eligibility for programs authorized by the Small Business Act, as amended.

VI. Signature _____ Date _____

E. SIGNATURE

I authorize SBA/Lender to make inquiries as necessary to verify the accuracy of the statements made and to determine my creditworthiness. I agree that if SBA approves this loan application I will not, for at least two years, hire as an employee or consultant anyone that was employed by the SBA during the one-year period prior to the disbursement of the loan. And, I hereby certify that: (1) as consideration for any Management, Technical, and Business Development Assistance that may be provided, I waive all claims against SBA and its consultants, and (2) all information contained in this document and any attachments is true and correct to the best of my knowledge,

Print Name _____ Date _____

Signature _____ Title _____

If Corporation, Attested By: _____

Signature of Corporate Secretary

Please Print Legibly or Type **(ALL BLANKS MUST BE COMPLETED)**, Use "N/A," if Blank is Not Applicable)

F. ELIGIBILITY EVALUATION: If you have any questions after reviewing SOP 50-10, Appendix 5, contact LowDoc Processing Center about eligibility issues before submitting an application.

G. LENDER

H. LOAN TERMS: The following section should be completed exactly as shown in SOP 50-10, Appendix 5.

* Lender must retain copies of refinanced notes. Debt refinancing of any existing participant lender's debt must not exceed 25% of total loan amount.

BALANCE SHEET				INCOME STATEMENT				
Pro Forma <input type="checkbox"/> Interim <input type="checkbox"/> Year End <input type="checkbox"/> (As of _____)				No. of Interim Mos. _____		Prior FY	Current	Projected
ASSETS		LIABILITIES		Date:				
Cash Equivalent		Notes Payable		a)	Net Sales/Revenue			
Net Trade Rec.		Trade Payable		b)	Cost of Sales			
Inventory		Current LTD		c)	Gross Profit			
Other Curr. Assets		Other Curr. Liab.		d)	Owner Comp/Drawings			
Total Curr. Assets		Total Curr. Liab.		e)	Rent			
Net Fixed Assets		Long Term Debt		f)	Depreciation / Amort.			
Other Assets		Other Liabilities		g)	Long-Term Debt Int. Exp.			
Intangible Assets		Standby Debt (Principal Only)		h)	All Other Exp.			
Total Assets		Total Liabilities		i)	Net Income (c less d – h)			
				A)	Cash Flow (f+g+i)			
		Tangible Net Worth		B)	Term Debt P & I			
Total Annual Standby Debt (P&I) _____				Debt Coverage Ratio (A / B)				

Business Start-Ups and Purchases: Lender **MUST** comment on management qualifications, location, competitive factors and feasibility of business plan. **[One additional page for comments may be submitted, if necessary]**

[illegible]

U.S. SMALL BUSINESS ADMINISTRATION
“APPLICANT’s” INSTRUCTIONS ON HOW TO COMPLETE THE LOWDOC APPLICATION

The following directions provide assistance in completing the LowDoc application. Each numbered section in these instructions corresponds to the same number on the LowDoc application. Please type or print legibly. LowDoc **uses a credit scoring system, thus ALL application entries must be completed or use “N/A” if Blank does not apply.** If necessary, use separate sheets of paper for additional answers to each section. (Only one principal needs to complete the entire application, all others will only need to complete section D as outlined in the instructions.)

SECTION A: APPLICANT

1. Business Name - Legal name of the entity applying for LowDoc loan.
2. Trade Name - The operating name, if different from business name.
3. Type - Legal organizational structure of the business, if other, please specify.
4. Address - Street address of the business. The location where the business is operating.
5. City, State, County, Zip - City, state, county, and zip of the business.
6. Mailing Address (if different from street address).
7. Phone - Telephone number, including area code of the business.
8. IRS Tax ID # - The business employer I.D. number assigned by the IRS, or the owner’s Social Security number. Please **do not** use “Pending” on this line.
9. Business Bank - Financial Institution business is currently using for checking and/or loans.
10. Checking Balance - Current amount business has in checking account.
11. Nature of Business - Examples: dairy farm, manufacture tires, wholesale shoes, retail toys, lawyer, etc.
12. Date Business Established - The original date the business was started.
13. Date Current Ownership Established - The date of **the most recent change** in ownership. This includes the date that the current owners acquired or purchased this business **or** the date of any change in the percentages of ownership of the current owners.
14. Number of employees - Number of full and part-time employees on payroll for each pay period for the last 12 months averaged by the number of pay periods.
15. Number of affiliate(s) employees - Please note that **affiliates** are defined as businesses that have common ownership, common management, or contractual relationships that give one control over the other. Calculate same as #14.
16. Number of employees after the Loan - Anticipated number of employees the business will employ within two years from the date of the loan.
17. Exporter - Mark appropriate box if business exports any product or service.
18. Pre-Qual - Mark appropriate box if Pre-Qualification service used.
19. Franchise - Mark appropriate box if business is a franchise. This terminology relates to franchise, licensee, and dealer agreements.
20. Franchise name - If business is a franchise.

SECTION B: LOAN REQUEST (Total of all SBA debt including this application and debt to affiliates except disaster loans, cannot exceed \$150,000)

1. Amount - Total amount of loan requested by applicant.
2. Maturity - Number of months or years until loan is to be repaid.
3. Purpose - Briefly explain how the loan will be used.
4. SBA training/counseling – Mark appropriate box
5. Have you employed anyone to prepare this application? - Check appropriate box and provide amount paid, name of packager, and packager’s address including city, state, and zip code.

SECTION C: INDEBTEDNESS - Please provide the requested information on all business debts. **NO** personal debts should be listed in these blocks unless said debts were used for business purposes. Add additional sheet if necessary containing the same information as indicated on the application. Provide the number of scheduled payments in a 12-month period or other terms, if appropriate, to report “Pmt. Frequency.”

SECTION D: PRINCIPALS & GUARANTORS - Complete this section for each guarantor and each principal to include anyone who was a principal within the last six months. Section D can be photocopied for this purpose. **Account for 100 percent of ownership. Principal** includes: 1) the owner of a sole proprietorship; 2) each partner of a general partnership; 3) limited partners owning 20 percent or more of the business; 4) each officer, director and each owner holding 20 percent or more of the ownership stock of a corporation or limited liability company; 5) key employees, corporate officers with between 5 – 20 percent ownership of a corporation and married couples where both own some interest in the applicant and together they own at least 20 percent; all others need to submit name and percentage of ownership.

SECTION D: PRINCIPALS & GUARANTORS (cont'd)

D-1

1. Name - Full legal name.
2. Phone - Home telephone number including the area code.
3. Social Security Number - nine digit numeric.
4. Title - Position held in the business (i.e., President, Partner, etc.).
5. Percentage Owned – The percent of ownership of each owner (total must equal 100 percent). If guarantor indicate 0.
6. Address - Street, city, state, county, and zip of home address.
7. Date of Birth - Month, day, year.
8. Place of Birth - Where individual was born, by city, and state (or city and foreign country).
9. U.S. Citizen? - Check the proper box.
10. If No, SBA must have a copy of principal's Alien ID (front and back) with a "verified" INS Form G-845, "Document Verification Request."

D-2

1. Please check appropriate boxes in this section. Disclosure is voluntary, data is collected for statistical purposes only and has no bearing on credit decision. One or more boxes for race may be selected.
2. Veteran section: Service-Disabled Veteran is a veteran with a disability that is service-connected. The term service-connected means with respect to disability, that such disability was incurred or aggravated in line of duty in the active military, naval, or air service.

D-3 Personal Financial Statement

1. Liquid Assets - Include liquid assets such as checking, savings, money markets, certificate of deposits, bonds, stocks (publicly traded), cash value of life insurance, and marketable securities. **Do not** include individual retirement accounts and similar assets.
2. Ownership in Business - Value of ownership in the applicant business.
3. Real Estate - Market value of all real estate owned.
4. Assets Other - Any assets not otherwise listed (include individual retirement accounts and similar assets here).
5. Total Assets - Total value of all assets in numbers 1, 2, 3, and 4 of this section, D-3.
6. Liabilities Real Estate - Total of all debt/mortgages on real estate owned.
7. Other Liabilities - Total of all debt excluding real estate debt.
8. Total Liabilities - Total of all liabilities in numbers 6 and 7 of this section, D-3.
9. Net Worth - Difference between total assets, number 5, and total liabilities, number 8.
10. Annual Salary - From the applicant business.
11. Other Sources of Repayment - A lender or SBA may rely upon a source of cash flow other than from operations of the small business borrower for repayment. That source must be available to the principal(s) on a consistent basis in an amount that sufficiently exceeds the individual's personal needs to permit orderly repayment of the loan over a reasonable period of time.
12. Source - What is the Other Source of Repayment in number 11?
13. Residence Rent/Own/Other - Indicate if current residence is owned, rented, or other (example, live with relatives).
14. Monthly Housing - Monthly mortgage or rent payment of residence.

D-4 Current and Previous SBA or Other Government Financing -

1. Please complete for all principals. Borrower's Name, Agency, Loan No., Date, Original Amount (applied for or approved), Balance Outstanding, and Status (declined, current, 30, 60, 90+-days past due, paid in full, charged off, bankruptcy, compromise and any other status).
2. For debts resulting in total loss to the Government, report amount in "Amt. of Loss to Government" column. Lender must comment on this in Lender Comment Section (J).

D-5 Eligibility and Disclosures - IMPORTANT, only one signature is allowed in this section. USE SEPARATE SHEET FOR EACH PRINCIPAL AND GUARANTOR (Section D can be photocopied for this purpose)

III – Details concerning affiliates must include business' total number of employees (including part-time) and average annual sales for past 3 years.

IV – Guarantors do not complete. – The following are required to complete this section:

1. This section must be filled out and signed by: 1) the proprietor, if a sole proprietor, 2) each partner, if a partnership, 3) each officer, director, and additionally by each holder of 20 percent or more of the ownership stock, if a corporation, limited liability company, or a development company.
2. Cleared for processing section is to be completed by SBA only.

VI – Signature and Date. - All principals and guarantors must sign and date the separate sheet they complete for this section. If this section is not signed and dated the application cannot be accepted for processing!

SECTION E: Signature Please print name, date, sign application with title and have signed by Corporate Secretary if necessary. (If this section is not signed and dated the application cannot be accepted for processing.)

U.S. SMALL BUSINESS ADMINISTRATION

“LENDER’s” INSTRUCTIONS ON HOW TO COMPLETE THE LOWDOC APPLICATION

The following directions provide assistance in completing the lender’s page of the LowDoc application. Each section corresponds to the same section on the LowDoc application. If a particular section or entry is not specified in this guide, no special directions are required to complete that entry. If you have any credit or eligibility policy questions, you may find it helpful to refer to Appendix 5, “Centralized LowDoc Processing” of SOP 50-10, and Loan Processing. If necessary, use separate sheets of paper for additional space to complete each section. **ALL BLANKS MUST BE COMPLETED - USE N/A IF “Blank” DOES NOT APPLY.**

SECTION F: ELIGIBILITY – Please indicate if the application is eligible for processing. (Use the LowDoc Eligibility Checklist to assist in making and documenting the determination of the applicant’s eligibility. Please keep justification for this determination in applicant’s file.) **Please print name, sign application, indicate title and date.** (If this section is not signed and dated the application cannot be accepted for processing.)

SECTION G: LENDER -

1. Name of Lender - Financial Institution.
2. Telephone - Lender’s telephone number, including area code
3. Lender’s fax number, including area code.
4. Lender’s Address - Address of Financial Institution ****IMPORTANT**** Must be street address if you wish all loan closing documents shipped FEDEX. FEDEX will not deliver to a Post Office Box.
5. Business Name - Applicant.
6. Applicant NAICS Code - As listed in the “North American Industry Classification System” book (NAICS).
7. Eligible Passive Company - The concern is an eligible passive company if it is a small entity or trust which does not engage in regular and continuous business activity, which leases real or personal property to an Operating Company for use in the Operating Company’s business, and which complies with the conditions set forth in CFR 120.111.

SECTION H: LOAN TERMS - Please complete this section as fully and accurately as possible. The Authorization for Loan Guaranty will usually be based on the terms and conditions provided, but SBA reserves the right to amend them. Any changes will be discussed prior to approval by SBA. Accuracy and completeness will expedite loan closings.

1. SBA Guaranty % - Percentage of SBA Guaranty, maximum 85 percent.
2. Loan Amount - Amount lender has approved.
3. No. of Months to maturity - Loan maturity in months, **including interest only payments.**
4. Payments - Mark appropriate box if payments are principal **and** interest (P&I) or principal **plus** accrued interest (P + I); enter payment amount. If you are asking for payments other than monthly, please indicate.
5. No. of Months Interest Only - Only if repayment term has an interest only period.
6. Initial Interest Rate - Interest rate of the loan at closing and whether it will be fixed or variable.
7. Spread - If interest rate is variable, indicate the spread over the Wall Street Journal Prime Rate. If adjustment period is other than monthly or quarterly, please check “Other,” and indicate the frequency.
8. Life Insurance - Are you requiring principal to obtain, if so, state on whom and in what amount?
9. Standby Agreement - Will any debt be placed on standby, if yes, creditor’s name and in what amount? Place comment in “Lenders Comments” block as to whether standby include, principal, interest or both.
10. If Start-Up or Purchase of Existing Business - Indicate nature of source of injection by entering the amount of the injection in the appropriate blank. “Cash” is money reported on a personal financial statement. “Assets” are those assets reported on a personal financial statement. “Standby Debt” is any obligation which will be placed on standby. “Other” includes gifts, inheritances and other sources not already mentioned. **Note: Equity in home is not considered an injection.**

Use of Proceeds

1. Acquire/Renovate Real Property - includes all purchase of real estate (RE), leasehold improvements, renovations and additions to real property.
2. Acquire Fixed Assets, Non-RE - includes all fixed assets financed other than real estate, such as vehicles, equipment, furniture, and fixtures.
3. Inventory - enter amount needed.
4. Working capital - enter amount needed.
5. Refinance Non-SBA Debt - Refinancing of lender’s same institution debt is limited to 25 percent of loan request. If “Debt Payment” applies, enter details (e.g., borrower name, lender, etc.) in “Lenders Comments” in space provided on application, Block J. **Refinance of SBA direct or guaranteed debt is NOT eligible.**
6. Purchase Existing Business - if purpose of loan is to purchase a business in entirety, use “purchase of existing business.” If only assets of business are being purchased use of proceeds should be itemized by asset category.
7. Other - includes the balance of assets/expenditures financed that are not specified elsewhere.

SECTION H: LOAN TERMS (cont'd)

Collateral

1. Type - Enter code for type of collateral securing loan: RE-real estate; FF-furniture & fixtures, EQP- equipment; or INV- inventory, AR-accounts receivable, etc.
2. Description - Briefly describe collateral (e.g., location of real estate, type of equipment, or description of inventory).
3. Market Value - Should be the lender's assessment of the current market value of collateral. (Please note that market value should be based on prudent lending standards and values should be supported by appropriate documentation.)
4. Existing Lien(s) - If collateral has existing lien(s), enter the lienholder name and balance outstanding on each. (Please note: enter original loan amount if real estate mortgage/deed of trust is open-ended.)
5. Collateral Value - The lender must use its assessment of the liquidation value of the collateral, net of existing lien(s).

SECTION I: FINANCIAL STATEMENTS

Balance Sheet - This section is a summary of the business' balance sheet. If the business is a start-up, enter a pro forma balance sheet, after application of loan proceeds (**use Pro Forma only if startup or purchase**). **Note: Pro-forma Balance Sheet must include proposed loan.**

1. As of - Date of the most recent fiscal year statements if within the last three months or the date of the most recent interim statements, not more than 90 days old at the time SBA receives the application if previous fiscal year statements are over three months old (Note: the date of the Balance Sheet should correspond with the date of the Current period in the Income Statement section and the date of personal financial statements).
2. Total Current Assets - Should equal the total of Cash Equivalents, Net Trade Receivables, Inventory, and Other Current Assets. Net Trade Receivables means after deduction of receivables which are unlikely to be collected.
3. Total Assets - Must equal the total of Total Current Assets, Net Fixed Assets, Other Assets and Intangible Assets
4. Total Current Liabilities - Should equal the total of Notes, Trade Payables, Current Portion of Long-Term Debt (Current LTD), and Other Current Liabilities.
5. Standby Debt (Principal Only) – only enter principal amount.
6. Total Liabilities - Should equal the total of Total Current Liabilities, Long Term Debt, Other Liabilities and Standby Debt.
7. Tangible Net Worth - Net worth after deducting all intangible assets, including Standby debt (Principal Only).
8. Total Annual Standby Debt (principal and interest).

Income Statement - This section is a summary of the business' previous, current, and projected cash flow statement. If business is a start-up, enter two years of pro forma data in the "Current" and "Projected" columns. **Note: Projected Income Statement is for last day of accounting Period.**

1. Prior FY - For period of last full fiscal year.
2. Current - Must be for the same period as the Balance Sheet Statement. If start-up, place first year of projected income here.
3. Projected - Over the next 12 months. If start-up, place second year of projected income here.
4. Rent (if applicable) – See 11 below since rent is discontinued due to purchase of asset(s) with loan proceeds, (e.g., purchase of building) it may be added to cash flow.
5. Cash Flow - Must equal to the total of Rent (if this expense is being eliminated), Depreciation/Amortization, Annual Interest Expense on Long Term Debt, and Net Income. (In comments, address whether the depreciation is really available for debt service on the basis of when the depreciable asset will need to be replaced.)
6. Term Debt P&I - For the current period, enter the total of all term debt payments including principal and interest. For the projected period, enter the total of all term debt payments for 12-month period, including the new LowDoc loan.

SECTION J: LENDER COMMENTS - Lender's analysis of applicant's character, management abilities, financial condition of business, and repayment ability, including projections (comment on whether they are realistic), comment on standby agreement and on depreciation (see Section I, 11 above). Business start-ups and purchases must also discuss the amount and nature of the injection of the principal(s) into the business, location, competitive factors and feasibility of business plan. Also, comment on any 90+-day delinquency, charge off or bankruptcy. Comments may be needed regarding Block H, Use of Proceeds, Refinance Non-SBA Debt, if "Debt Payment" applies, enter details and also in Block H, "Standby Agreement, Loan Terms, #9 on instructions. (Use separate sheet if necessary).

PLEASE READ, DETACH, AND RETAIN FOR YOUR RECORDS
STATEMENTS REQUIRED BY LAW AND EXECUTIVE ORDER

Federal executive agencies, including the Small Business Administration (SBA), are required to withhold or limit financial assistance, to impose special conditions on approved loans, to provide special notices to applicants or borrowers and to require special reports and data from borrowers in order to comply with legislation passed by the Congress and Executive Orders issued by the President and by the provisions of various inter-agency agreements. SBA has issued regulations and procedures that implement these laws and executive orders, and they are contained in Parts 112, 113, 116, and 117, Title 13, Code of Federal Regulations Chapter 1, or Standard Operating Procedures.

Freedom of Information Act (5 U.S.C. 552)

This law provides, with some exceptions, that SBA must supply information reflected in agency files and records to a person requesting it. Information about approved loans that will be automatically released includes, among other things, statistics on our loan programs (individual borrowers are not identified in the statistics) and other information such as the names of the borrowers (and their officers, directors, stockholders or partners), the collateral pledged to secure the loan, the amount of the loan, its purpose in general terms and the maturity. Proprietary data on a borrower would not routinely be made available to third parties. All requests under this Act are to be addressed to the nearest SBA office and be identified as a Freedom of Information request.

Privacy Act (5 U.S.C. 552a)

A person can request to see or get copies of any personal information that SBA has in his or her file when that file is retrievable by individual identifiers such as name or social security numbers. Requests for information about another party may be denied unless SBA has the written permission of the individual to release the information to the requestor or unless the information is subject to disclosure under the Freedom of Information Act.

Under the provisions of the Privacy Act, you are not required to provide your social security number. Failure to provide your social security number may not affect any right, benefit or privilege to which you are entitled. Disclosures of name and other personal identifiers are, however, required for a benefit, as SBA requires an individual seeking assistance from SBA to provide it with sufficient information for it to make a character determination. In determining whether an individual is of good character, SBA considers the person's integrity, candor, and disposition toward criminal actions. In making loans pursuant to section 7(a)(6) of the Small Business Act (the Act), 15 USC Section 636(a)(6), SBA is required to have reasonable assurance that the loan is of sound value and will be repaid or that it is in the best interest of the Government to grant the assistance requested. Additionally, SBA is specifically authorized to verify your criminal history, or lack thereof, pursuant to section 7(a)(1)(B), 15 USC Section 636(a)(1)(B). Further, for all forms of assistance, SBA is authorized to make all investigations necessary to ensure that a person has not engaged in acts that violate or will violate the Act or the Small Business Investment Act, 15 USC Sections 634(b)(11) and 687(b)(a). For these purposes, you are asked to voluntarily provide your social security number to assist SBA in making a character determination and to distinguish you from other individuals with the same or similar name or other personal identifier.

The Privacy Act authorizes SBA to make certain "routine uses" of information protected by that Act. One such routine use for SBA's loan system of records is that when this information indicates a violation or potential violation of law, whether civil, criminal, or administrative in nature, SBA may refer it to the appropriate agency, whether Federal, State, local or foreign, charged with responsibility for or otherwise involved in investigation, prosecution, enforcement or prevention of such violations. Another routine use of personal information is to assist in obtaining credit bureau reports, including business credit reports on the small business borrower and consumer credit reports and scores on the principals of the small business and guarantors on the loan for purposes of originating, servicing, and liquidating small business loans and for purposes of routine periodic loan portfolio management and lender monitoring. See, 69 F.R. 58598, 58617 (and as amended from time to time) for additional background and other routine uses.

Right to Financial Privacy Act of 1978 (12 U.S.C. 3401)

This is notice to you as required by the Right of Financial Privacy Act of 1978, of SBA's access rights to financial records held by financial institutions that are or have been doing business with you or your business, including any financial institutions participating in a loan or loan guarantee. The law provides that SBA shall have a right of access to your financial records in connection with its consideration or administration of assistance to you in the form of a Government loan or loan guaranty agreement. SBA is required to provide a certificate of its compliance with the Act to a financial institution in connection with its first request for access to your financial records, after which no further certification is required for subsequent accesses. The law also provides that SBA's access rights continue for the term of any approved loan or loan guaranty agreement. No further notice to you of SBA's access rights is required during the term of any such agreement.

The law also authorizes SBA to transfer to another Government authority any financial records included in an application for a loan, or concerning an approved loan or loan guarantee, as necessary to process, service or foreclose on a loan or loan guarantee or to collect on a defaulted loan or loan guarantee. No other transfer of your financial records to another Government authority will be permitted by SBA except as required or permitted by law.

Flood Disaster Protection Act (42 U.S.C. 4011)

Regulations have been issued by the Federal Insurance Administration (FIA) and by SBA implementing this Act and its amendments. These regulations prohibit SBA from making certain loans in an FIA designated floodplain unless Federal flood insurance is purchased as a condition of the loan. Failure to maintain the required level of flood insurance makes the applicant ineligible for any future financial assistance from SBA under any program, including disaster assistance.

Executive Orders -- Floodplain Management and Wetland Protection (42 F.R. 26951 and 42 F.R. 26961)

The SBA discourages any settlement in or development of a floodplain or a wetland. This statement is to notify all SBA loan applicants that such actions are hazardous to both life and property and should be avoided. The additional cost of flood preventive construction must be considered in addition to the possible loss of all assets and investments in future floods.

Occupational Safety and Health Act (15 U.S.C. 651 et seq.)

This legislation authorizes the Occupational Safety and Health Administration in the Department of Labor to require businesses to modify facilities and procedures to protect employees or pay penalty fees. In some instances the business can be forced to cease operations or be prevented from starting operations in a new facility. Therefore, in some instances SBA may require additional information from an applicant to determine whether the business will be in compliance with OSHA regulations and allowed to operate its facility after the loan is approved and disbursed. Signing this form as borrower is a certification that the OSA requirements that apply to the borrower's business have been determined and the borrower to the best of its knowledge is in compliance.

Civil Rights Legislation

All businesses receiving SBA financial assistance must agree not to discriminate in any business practice, including employment practices and services to the public, on the basis of categories cited in 13 C.F.R., Parts 112, 113, and 117 of SBA Regulations. This includes making their goods and services available to handicapped clients or customers. All business borrowers will be required to display the "Equal Employment Opportunity Poster" prescribed by SBA.

Equal Credit Opportunity Act (15 U.S.C. 1691)

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status or age (provided that the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program, or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law concerning this creditor is the Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. 20580.

Executive Order 11738 -- Environmental Protection (38 C.F.R. 25161)

The Executive Order charges SBA with administering its loan programs in a manner that will result in effective enforcement of the Clean Air Act, the Federal Water Pollution Act and other environmental protection legislation. SBA must, therefore, impose conditions on some loans. By acknowledging receipt of this form and presenting the application, the principals of all small businesses borrowing \$100,000 or more in direct funds stipulate to the following:

1. That any facility used, or to be used, by the subject firm is not cited on the EPA list of Violating Facilities.
2. That subject firm will comply with all the requirements of Section 114 of the Clean Air Act (42 U.S.C. 7414) and Section 308 of the Water Act (33 U.S.C 1318) relating to inspection, monitoring, entry, reports and information, as well as all other requirements specified in Section 114 and Section 308 of the respective Acts, and all regulations and guidelines issued thereunder.
3. That subject firm will notify SBA of the receipt of any communication from the Director of the Environmental Protection Agency indicating that a facility utilized, or to be utilized, by subject firm is under consideration to be listed on the EPA List of Violating Facilities.

Debt Collection Act of 1982 Deficit Reduction Act of 1984 (31 U.S.C. 3701 et seq. and other titles)

These laws require SBA to aggressively collect any loan payments which become delinquent. SBA must obtain your taxpayer identification number when you apply for a loan. If you receive a loan, and do not make payments as they come due, SBA may take one or more of the following actions:

- Report the status of your loan(s) to credit bureaus
- Hire a collection agency to collect your loan
- Offset your income tax refund or other amounts due to you from the Federal Government
- Suspend or debar you or your company from doing business with the Federal Government
- Refer your loan to the Department of Justice or other attorneys for litigation
- Foreclose on collateral or take other action permitted in the loan instruments.

Immigration Reform and Control Act of 1986 (Pub. L. 99-603)

If you are an alien who was in this country illegally since before January 1, 1982, you may have been granted lawful temporary resident status by the United States Immigration and Naturalization Service pursuant to the Immigration Reform and Control Act of 1986 (Pub. L. 99-603). For five years from the date you are granted such status, you are not eligible for financial assistance from the SBA in the form of a loan or guaranty under section 7(a) of the Small Business Act unless you are disabled or a Cuban or Haitian entrant. When you sign this document, you are making the certification that the Immigration Reform and Control Act of 1986 does not apply to you, or if it does apply, more than five years have elapsed since you have been granted lawful temporary resident status pursuant to such 1986 legislation.

Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821 et seq.)

Borrowers using SBA funds for the construction or rehabilitation of a residential structure are prohibited from using lead-based paint (as defined in SBA regulations) on all interior surfaces, whether accessible or not, and exterior surfaces, such as stairs, decks, porches, railings, windows and doors, which are readily accessible to children under 7 years of age. A "residential structure" is any home, apartment, hotel, motel, orphanage, boarding school, dormitory, day care center, extended care facility, college or other school housing, hospital, group practice or community facility and all other residential or institutional structures where persons reside.

Executive Order 12549, Debarment and Suspension (13 C.F.R. 145)

1. The prospective lower tier participant certifies, by submission of this loan application, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
2. Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participants shall attach an explanation to the loan application.